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# WorldWatch

## D&B Country Risk update

Welcome to the latest World Watch. This update of global country risk developments is brought to you by the regional specialists of the Country Risk Services Group. World Watch's useful pointers to risk management issues are explored in more detail in D&B's unique journal, *International Risk & Payment Review*, which covers over 130 countries, and also on an individual basis in D&B Country RiskLine reports, both of which are updated on a monthly basis.

### Africa

<i>Algeria</i>	The commercial risk outlook deteriorates amid increasing labour and social unrest.
<i>Angola</i>	Security risk heightens but the government will boost its security measures to counter potential terrorist activity.
<i>Botswana</i>	The government will find it difficult to control inflation and reduce borrowing over the short term.
<i>Cameroon</i>	The business environment should improve as the economy emerges from an extended downturn.
<i>Congo, D.R.</i>	Closer ties with the IMF should bolster the country's economic stability.
<i>Cote d'Ivoire</i>	The already long-delayed presidential election is postponed again.
<i>Ethiopia</i>	The operating environment will remain difficult if global economic growth weakens.
<i>Gabon</i>	Short-term growth prospects are favourable but concerns remain over resource contracts.
<i>Ghana</i>	The fiscal position will remain weak despite attempts to improve public expenditure efficiency and revenue collection.
<i>Kenya</i>	Economic difficulties continue while violent protests highlight the risk from religious extremism.
<i>Libya</i>	The authorities resume economic liberalisation, boosting growth prospects.
<i>Malawi</i>	Earthquakes undermine the pace of the economic recovery.
<i>Mauritius</i>	Economic uncertainty persists despite favourable prospects for a short-term recovery.
<i>Morocco</i>	Credit risk gradually eases as the economic outlook improves.
<i>Mozambique</i>	The government's likely return to a prudent fiscal policy will reduce financing risks and support economic growth.
<i>Namibia</i>	The incumbent party's landslide election victory ensures broad policy continuity, but some downside risks remain.
<i>Nigeria</i>	A dangerous power vacuum emerges during the president's absence on health grounds.
<i>Senegal</i>	Instability in neighbouring Guinea and the need for major domestic economic reform cloud the risk environment.
<i>Sierra Leone</i>	Despite an improving rate of economic growth in 2010, budget financing risk will remain high.
<i>South Africa</i>	Domestic power outages and rising security risk in the region weigh on the risk outlook.
<i>Sudan</i>	Growth prospects are positive amid rising oil prices.
<i>Tanzania</i>	High gold prices and further IMF financial assistance serve to support the economy.
<i>Tunisia</i>	A cabinet reshuffle strengthens the political and commercial outlook.
<i>Uganda</i>	Government interference in the oil sector raises concerns that existing exploration contracts will not be respected.
<i>Zambia</i>	The government is unlikely to restore economic growth to pre-crisis levels in 2010.
<i>Zimbabwe</i>	Political chaos continues to undermine the reform process and prospects for fresh elections in 2011.

### Asia Pacific

<i>Afghanistan</i>	Political risk is set to remain very high throughout 2010.
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<b>Australia</b>	Gradual economic growth continues, amid improving short and medium-term prospects.
<b>Bangladesh</b>	Payment risks rise as the garment sector suffers from falling orders and plant closures.
<b>Cambodia</b>	Continued poor performance in the garment and textile sector exacerbates payment risks.
<b>China</b>	The authorities are poised to tighten policy to prevent the economy from overheating.
<b>Fiji</b>	The economy contracted sharply in 2009 and faces challenges in 2010.
<b>Hong Kong</b>	Despite reviving confidence amid rising exports and falling unemployment, the region's economic prospects remain uncertain.
<b>India</b>	Indian firms' improved profitability should help to reduce payment risks.
<b>Indonesia</b>	Shortcomings in the vital power generation programme could expose infrastructure bottlenecks.
<b>Japan</b>	Corporate investment could sink further in 2010 and deflation could continue into 2011.
<b>Korea (South)</b>	Improved profitability helps to ease payment risks.
<b>Malaysia</b>	The risk outlook remains stable despite medium-term threats to the public finances and competitiveness.
<b>Myanmar</b>	The risk rises of a confrontation with armed ethnic groups, potentially affecting the construction of hydrocarbon pipelines to China.
<b>Nepal</b>	The impasse between the rebels and the government could further disrupt trade and commerce.
<b>New Zealand</b>	The central bank adopts a more hawkish stance and signals that it may withdraw monetary policy stimulus.
<b>Pakistan</b>	The government lacks a coherent policy agenda for dealing with the country's economic troubles.
<b>Papua New Guinea</b>	Having ridden out the shock of 2009, the economy is set to accelerate in 2010.
<b>Philippines</b>	Remittances and business process outsourcing should continue to drive the economy.
<b>Singapore</b>	Trade terms improve and the economy looks set for moderate growth in 2010.
<b>Sri Lanka</b>	Uncertainty ahead of the 2010 elections unsettles investors and dampens business confidence.
<b>Taiwan</b>	Improved profits should help to ease payment risks in 2010.
<b>Thailand</b>	The economic recovery remains weak, with confidence particularly poor in the manufacturing and service sectors.
<b>Vietnam</b>	FX constraints remain a cause of payment delays.

## Eastern Europe

<b>Albania</b>	The government budget is based on unrealistic growth projections.
<b>Azerbaijan</b>	The recovering global economy and rising oil prices boost the country's economic outlook.
<b>Belarus</b>	Further external financial support for the economy depends on the enactment of key reforms.
<b>Bosnia &amp; Herzegovina</b>	Ethnic tensions come to the fore in advance of the October 2010 elections.
<b>Bulgaria</b>	The government vows to move closer to euro adoption.
<b>Croatia</b>	The country's vulnerability to external shocks increases in response to the external financing burden.
<b>Czech Republic</b>	Prospects for a unified government after the June election look dim.
<b>Estonia</b>	The improvement in the country's fiscal position boosts the chances of early euro-entry.

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<b>Georgia</b>	An IMF stand-by arrangement stabilises the risk outlook, but political and economic challenges remain.
<b>Hungary</b>	The economy faces the prospect of a further contraction in 2010.
<b>Kazakhstan</b>	Despite higher-than-expected growth in 2009, the economy remains weak and any recovery will be slow.
<b>Kyrgyz Republic</b>	Although payment risks remain, the risk outlook is starting to improve.
<b>Latvia</b>	The economy is set to contract for a third successive year in 2010.
<b>Lithuania</b>	The public finances remain a major concern despite deep budget cuts.
<b>Macedonia</b>	Hopes of fixing a date for final EU accession talks are dashed by the ongoing dispute over the country's name.
<b>Poland</b>	Continued economic resilience is supported by robust industrial output growth.
<b>Romania</b>	The formation of a new government is a positive development but its prospects are uncertain.
<b>Russian Federation</b>	An economic recovery is under way but there are concerns over the lingering effects of the deep recession.
<b>Serbia</b>	The central bank cuts interest rates again as the economy returns to growth.
<b>Slovak Republic</b>	Recent data confirm a continued economic recovery, albeit at a leisurely pace.
<b>Slovenia</b>	The weak economic outlook is the main source of country risk.
<b>Tajikistan</b>	The effects of the global downturn continue to weigh down the economy.
<b>Turkmenistan</b>	Renewed gas sales to Russia and new pipeline construction will help to boost hydrocarbon receipts.
<b>Ukraine</b>	The presidential election run-off heralds a return to more pro-Russian policies.
<b>Uzbekistan</b>	The authorities' banning of opposition groups from the parliamentary election emphasises political risks.

## Middle East

<b>Bahrain</b>	The financial and economic outlook is encouraging, although challenges remain.
<b>Egypt</b>	Rising inflation and domestic public debt threaten the positive economic outlook.
<b>Iran</b>	In response to mounting pressures, D&B places Iran's country risk indicator under review for a downgrade.
<b>Iraq</b>	Major uncertainties still surround the forthcoming general election and its aftermath.
<b>Israel</b>	Concerns regarding monetary policy cloud the improving economic outlook.
<b>Jordan</b>	The political and security outlook remains uncertain as the new government takes time to implement its policy agenda.
<b>Kuwait</b>	Political risk remains high and threatens the implementation of the policy agenda.
<b>Lebanon</b>	The government's solidity will be tested by difficult decisions over structural reform.
<b>Oman</b>	The economic outlook improves owing to the recovery in global demand.
<b>Qatar</b>	Confidence rises in the economy's ability to shrug off the negative impact of the financial problems in neighbouring Dubai.
<b>Saudi Arabia</b>	A fiscal expansion will boost the economic outlook in 2010.
<b>Syria</b>	The economy improves amid high external political risk.
<b>UAE</b>	Payment disputes are being increasingly resolved through litigation as the effects of the Dubai crisis rumble on.
<b>Yemen</b>	High security risks continue to weigh negatively on the country risk outlook.

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### The Americas

<b>Argentina</b>	A struggle between President Fernandez and the head of the central bank raises uncertainty over sovereign debt.
<b>Bolivia</b>	Commercial and political risks dominate the country's risk outlook amid policy uncertainty.
<b>Brazil</b>	An appreciating currency and rapid economic growth risk creating imbalances.
<b>Canada</b>	The strong currency continues to undermine the recovery of manufacturing exports.
<b>Chile</b>	The business environment is set to improve following the centre-right's victory in the presidential election.
<b>Colombia</b>	The abduction and murder of a state governor reinforces the threat posed by insurgents.
<b>Costa Rica</b>	Fiscal and monetary reforms remain a priority but the external financing requirement should be manageable.
<b>Cuba</b>	The authorities halt payments on imports as the commercial crisis intensifies.
<b>Dominican Republic</b>	Economic growth rebounds but domestic demand remains constrained.
<b>Ecuador</b>	President Correa's anti-business agenda will dominate the commercial environment in the near term.
<b>El Salvador</b>	Poor demand in the US clouds economic prospects as the government's fiscal reforms stall.
<b>Guatemala</b>	Political risks increase as the government finds it difficult to push through its policy agenda.
<b>Honduras</b>	Political risk remains high but the election of a new president provides grounds for optimism.
<b>Jamaica</b>	The continuing stand-off with the IMF could lead to a serious debt crisis.
<b>Mexico</b>	The economic outlook improves as exports rebound but the recovery will be slow.
<b>Nicaragua</b>	The political system nears crisis as President Ortega moves to permit his re-election.
<b>Panama</b>	The country's sovereign eurobond issues proceed alongside moves to improve banking sector transparency.
<b>Paraguay</b>	Intensifying political risks threaten to reduce the administration's ability to govern.
<b>Peru</b>	Macroeconomic stability and prudent government policy underline improving investor sentiment.
<b>Trinidad &amp; Tobago</b>	Tighter fiscal policy should bring down the fiscal deficit but risks derailing an economic recovery.
<b>USA</b>	Downward revisions to the most recent economic growth figures illustrate the fragility of the recovery.
<b>Uruguay</b>	The economy continues to expand amid a positive outlook as the country's main external markets recover.
<b>Venezuela</b>	The government devalues the currency, raising the risk of a spike in inflation and civil unrest.

### Western Europe

<b>Austria</b>	Uncertainty clouds the short-term economic outlook.
<b>Belgium</b>	The recovery remains volatile amid low consumer confidence and rising unemployment.
<b>Cyprus</b>	Prospects for reaching agreement on reunification in 2010 wane.
<b>Denmark</b>	Businesses operating in Denmark face a challenging economic outlook despite a tentative recovery.
<b>Finland</b>	The weak economic recovery continues, but a more pronounced short-term upturn is

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	unlikely.
<b>France</b>	Businesses face challenging times despite a brighter economic outlook.
<b>Germany</b>	Companies doing business in and with Germany face an extremely challenging year in 2010.
<b>Greece</b>	The dire fiscal situation and investors' loss of confidence in the economy pose major challenges for the new government.
<b>Iceland</b>	The economy continues to contract, but consumer spending has picked up encouragingly.
<b>Ireland</b>	The economy emerges from recession, but the short-term outlook remains very weak.
<b>Italy</b>	Political risk increases further, while the economic outlook remains volatile.
<b>Luxembourg</b>	Growth prospects hinge on the financial sector's ability to adapt to the post-crisis era.
<b>Malta</b>	The economy is weak and there are concerns about the ownership of Maltese firms by Dubai-based investors.
<b>Netherlands</b>	There is a growing risk that there will be only a shallow recovery in 2010.
<b>Norway</b>	Central bank hikes interest rates in response to the country's improving economic prospects.
<b>Portugal</b>	Doubts cloud the sustainability of the recovery and structural economic problems threaten the economy.
<b>Spain</b>	The economic recovery will be slow amid rising unemployment.
<b>Sweden</b>	Improvements in the manufacturing sector boost expectations of a more pronounced economic recovery.
<b>Switzerland</b>	The economic recovery is likely to flatten out later in the year.
<b>Turkey</b>	Political risk heightens as a court ruling sparks increased tensions in the country's Kurdish community.
<b>United Kingdom</b>	Inflation rises well above central bank targets after the highest monthly increase in prices since 1997.

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